

ORDINANCE NO. 46-219

AN ORDINANCE EXEMPTING PROPERTY FROM AD VALOREM TAXATION FOR ECONOMIC DEVELOPMENT PURPOSES PURSUANT TO ARTICLE 11, SECTION 13, OF THE KANSAS CONSTITUTION; PROVIDING THE TERMS AND CONDITIONS FOR AD VALOREM TAX EXEMPTION; AND DESCRIBING THE PROPERTY OF CUSTOM CUPBOARDS, INC. SO EXEMPTED.

WHEREAS, Article 11, Section 13, of the Kansas Constitution provides that the governing body of the City may, by Ordinance, exempt from all ad valorem taxation all or any portion of the appraised value of certain property meeting the requirements of the constitutional provision; and

WHEREAS, the City of Wichita has adopted an Economic Development Tax Exemption Policy by which the City will consider granting tax exemptions upon a clear and factual showing of direct economic benefit including the creation of additional jobs or the upgrading of existing jobs and the stimulation of additional private investment; and

WHEREAS, Custom Cupboards, Inc., requests an ad valorem tax exemption on a proposed expansion project of 97.5% for five years on the construction of a 42,500 s.f. building addition and certain new manufacturing equipment and 49% for a second 5 years only on the building improvements; and

WHEREAS, Custom Cupboards, Inc., has operated within the City for more than twenty-three years as a manufacturer of custom built cabinetry for homes and offices; and

WHEREAS, Custom Cupboards, Inc., proposes a \$1,109,044 expansion by the construction of a 42,500 s.f. building addition and purchase of machinery and equipment to be located at 3737 S. Norman in southwest Wichita; and

WHEREAS, the City Council of the City of Wichita has reviewed the application and supporting documentation supplied by Custom Cupboards, Inc., has reviewed the impact statements provided by Staff, and the Cost-Benefit Analysis by the Wichita State University and has conducted a public hearing on such application on July 20, 2004; and

WHEREAS, the City Council of the City of Wichita has found and determined:

1. Custom Cupboards, Inc. is an existing business located in Wichita, Kansas, and intends to expand its business by the construction of a 42,500 s.f. building addition and the purchase of certain personal property.

2. The construction of the new building, and the purchase of personal property for which exemption is given occurred after February 3, 2003. No exemption will be given for construction or purchases, which occurred before that date.

3. Such property purchases are to be used exclusively for manufacturing articles of commerce.

4. By such purchases, Custom Cupboards, Inc. will create new employment for 27 employees within five years after the start of the project.

5. Tax exemption will be given only for the construction of a 42,500 s.f. building addition and the purchase of certain personal property as reflected in Exhibit I attached hereto.

6. The property on which exemption is given will meet the requirements of the Kansas Constitution and the City of Wichita's Business Incentive Policy.

7. Such ad valorem tax exemption is in the public interest providing for economic growth and benefit including the creation of jobs and stimulating additional private investment.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WICHITA, KANSAS,

1. The City Council of the City of Wichita, Kansas hereby makes a factual determination that an ad valorem tax exemption of the type requested by Custom Cupboards, Inc. is required to retain jobs in the State of Kansas, and that the property to be exempted is to be used exclusively for manufacturing articles of commerce.

2. Custom Cupboards, Inc. is hereby granted an ad valorem tax exemption of 97.5% for 5 years on the building addition and the personal property as shown on Exhibit I, and of 49% for a second 5 years, solely on the building addition, all on an expansion project started after February 3, 2003, and located within the Wichita City limits at 3738 S. Norman in southwest Wichita, at an estimated cost of \$1,109,044, as further defined in Exhibit I attached hereto. Such exemption is to begin in the calendar year after the calendar year in which the expansion is completed.

3. The Department of Finance shall be responsible for monitoring the performance of Custom Cupboards, Inc. and shall provide annual reports on such performance.

4. Such exemption is subject to verification that the level of employment at the time of the completion of the project is at least equal to the level of employment as stated in Custom Cupboards, Inc.'s written request for ad valorem tax exemptions as presented to the City Council and to administrative staff and dated February 3, 2003, and as stated in Custom Cupboards, Inc.'s annually approved EEO/AA Plan.

5. Such exemption may hereafter be withdrawn by the City Council upon a finding that Custom Cupboards, Inc. no longer is entitled to such exemption in accordance with the Wichita Business Incentive Policy and Application of the City of Wichita.

6. The City Council may, at its discretion, require Custom Cupboards, Inc. to return all funds exempted if there is a failure to meet the level of employment and EEO/AA goals as presented to the Council and as stated in Custom Cupboards, Inc.'s application and EEO/AA Plan.

7. Upon finding that Custom Cupboards, Inc. has moved or relocated its operations as described in the tax exemption request or application outside the Wichita City Limits the City Council shall require the repayment of all prior amounts of taxes that have been exempted and shall withhold any future exemption of taxes on Custom Cupboards, Inc.'s expansion project. All repayments shall be redistributed to the local taxing authorities at the proper taxing rates.

8. This Ordinance shall be in full force and effect from and after its passage and publication in the official City paper.

Passed by the governing body of the City of Wichita, Kansas this 27th day of July, 2004.

Carlos Mayans, Mayor

ATTEST:

Karen Sublett, City Clerk

Approved as to Form:

Gary E. Rebenstorf, City Attorney

**Custom Cupboards, Inc.
Exhibit I**

New Construction:

42,500 SF Building Addition

to existing facility

\$831,018

Total New Construction

\$831,018

Equipment Purchases:

Sanding/paint booth	\$1,562
Jetweld II glue gun	732
Paging system	2,655
Molding spray machine	8,900
Jig shapemaster	1,395
Paint booth	5,582
Mimimax sliding table saw	4,995
Transfer pump for paint shop	522
Paint gun	857
Paint pump	2,026
Fender P150 portable PA system	524
Insert head – door edge sander	520
Dovetail milling machine	33,375
Shapers & safety covers	4,610
Paint booth lights	1,353
Shaper heads – door dept.	3,459
Steff 2034 4 speed 3 roller feeder	798
Samuel steel strapper	15,800
Humidifiers 3,306	3,306
Paint booth lights	5,796
Orange dumpsters	1,218
Venjakob denibbing machine (sander)	70,850
Steff 2034 feeder	798
Voorwood A125AT shaper sanders	80,038
Sanding booth	1,375
Brandt KD-56 Optimat Edgebander	<u>24,980</u>

Total Equipment

\$278,026

Total Expansion Project

\$278,026